

2005 Virginia Governors Housing Conference

*Multifamily Finance
Update:
Urban and Rural
Perspectives*

September 15, 2005
Roanoke, Virginia

Presenters

- **Michael J. Scheurer, Senior Deputy Director, Fannie Mae Community Business Center**
- **Michael Bodaken, President, National Housing Trust**
- **Christopher Hilbert, Senior Housing Initiatives Officer, Virginia Housing Development Authority**
- **Jeffery R. Stern, President and Chief Executive Officer, Enterprise Mortgage Investments Inc.**
- **Philip H. Stetson, Acting Virginia State Director, Rural Development, United States Department of Agriculture**

Our Goals

- Virginia Market Outlook
- Rural Initiatives
- Latest Conventional Products and Trends
- VHDA Experience
- Preservation Models

Virginia Markets

- Economic growth is slowing but remains healthy
 - Above average: Northern Virginia (Transportation #1 Problem)(Commercial office vacancy falling)
 - Average: Norfolk-Virginia Beach
 - Unchanged: Southwest Virginia
 - Flat: Richmond-Petersburg

Virginia Markets

- Military base closure effect low in aggregate
- Norfolk-Virginia Beach, Arlington (TBD)
- Federal spending leveling off but strong
- Population growth
 - Strong:
 - Northern Virginia (beyond MSA)
 - Norfolk-Virginia Beach area
 - Charlottesville
 - Moderate: Richmond-Petersburg
 - New migration: 42,000+ persons per year

Virginia Markets

- Housing (Overall)
 - Strong:
 - Northern Virginia (beyond MSA)
 - Norfolk-Virginia Beach
 - Charlottesville area
 - Moderate:
 - Richmond-Petersburg

Virginia Markets

Employment: Up 1.5% Overall

Strong in construction, professional
business, financial and transportation

Down in manufacturing

Employment growth

Moderate: Northern Virginia

Flat: Richmond

Erratic: Norfolk-Virginia Beach

General Multifamily Rental Outlook

- Multifamily rental comprises 9.6% of capital investment in Virginia
- Northern Virginia
 - Vacancy rates have been moderate (7%) but lowering due to high condo conversion activity and moderate new construction
 - Affordable stock has been hard hit due to conversion activity
 - High development and land costs are impediment

General Multifamily Rental Outlook

- Richmond-Petersburg
 - High Vacancy Rates
 - Possible short-term overbuilding
 - Single-family rentals restrain market
- Norfolk-Virginia Beach
 - High Vacancy Rates
 - Demand growing but restrained by single-family rentals

General Outlook Multifamily Rental

- For good locations (transportation or job centers) rental market is strong
- Preservation of existing stock face value obstacles but key in Northern Virginia
- Real growth market in outer urban rings but faces NIMBY

Fannie Mae Affordable Housing Investment American Communities Fund

- **Public Entities: MyCommunity-Express**
 - Term Loans
 - Lines of Credit
 - Bridge Financing
- **Developers**
 - Predevelopment Loans
 - Lines of Credit
 - Direct Mezz Debt

Fannie Mae Affordable Housing Investment American Communities Fund

- **Lenders**
 - AD&C Participations
 - CDFI Deposits
- **Participating Entities**
 - Virginia Community Development Corporation
 - Piedmont Housing Alliance
 - Arlington County
 - Shiloh of Alexandria Credit Union
 - Alexandria Redevelopment and Housing Authority

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